



DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Enhanced Transparency and Access to Information for Debtors and Sureties in the Automated Commercial Environment

AGENCIES: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: General notice.

SUMMARY: This document announces that U.S. Customs and Border Protection (CBP) is making three enhancements to CBP's debt management processes to increase transparency and access to information for debtors and sureties. One of the enhancements will support importers of record, licensed customs brokers, and other Automated Commercial Environment (ACE) account users who owe debts to CBP by enabling the electronic viewing of bill sanction status and protest details in the unpaid, open bill details report in ACE. The other two enhancements will facilitate compliance for sureties by providing electronic access to the monthly report listing open delinquent bills by importer name (i.e., the Formal Demand on Surety for Payment of Delinquent Amounts Due, also informally referred to as the 612 Report) in ACE (in lieu of CBP emailing this information to sureties) and improving the content and design of the mailed 612 Report.

DATES: On March 21, 2022, CBP will deploy updates to enable the electronic viewing of bill sanction status and protest details in the unpaid, open bill details report in ACE. Additionally, on May 1, 2022, sureties may begin to view the electronic 612 Report in ACE (in lieu of CBP emailing this information to sureties) and CBP will transition to the updated mailed 612 Report.

ADDRESSES: Comments concerning this notice may be submitted at any time via email to the ACE Collections Team, Investment Analysis Office, Office of Finance, U.S. Customs and

Border Protection, at ACECollections@cbp.dhs.gov, with a subject line identifier reading “ACE Collections Debt Management Release.”

FOR FURTHER INFORMATION CONTACT: Steven J. Grayson, Program Manager, Investment Analysis Office, Office of Finance, U.S. Customs and Border Protection, at (202) 579-4400, or steven.j.grayson@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

A. Ongoing Modernization of the Collections System at U.S. Customs and Border Protection

U.S. Customs and Border Protection (CBP) is modernizing its collections system, allowing CBP to eventually retire the Automated Commercial System (ACS) and transfer all collections processes into the Automated Commercial Environment (ACE). This modernization effort, known as ACE Collections, includes the consolidation of the entire collections system into the ACE framework, which will enable CBP to utilize trade data from ACE modules, benefitting both the trade community and CBP with more streamlined and better automated payment processes. The new collections system in ACE will reduce costs for CBP, create a common framework that aligns with other initiatives to reduce manual collection processes, and provide additional flexibility to allow for future technological enhancements. ACE Collections will also provide the public with more streamlined and better automated payment processes with CBP, including better visibility into data regarding specific transactions.

ACE Collections supports the goals of the Customs Modernization Act (Pub. L. 103-182, 107 Stat. 2057, 2170, December 8, 1993, Title VI of the North American Free Trade Agreement Implementation Act), of modernizing the business processes that are essential to securing U.S. borders, speeding up the flow of legitimate shipments, and targeting illicit goods that require scrutiny. ACE Collections also fulfills the objectives of Executive Order 13659 (79 FR 10655, February 25, 2014), to provide the trade community with an integrated CBP trade system that facilitates trade, from entry of goods to receipt of duties, taxes, and fees.

CBP is implementing ACE Collections through phased releases in ACE. Release 1, which was deployed on September 7, 2019, dealt with statements integration, the collections information repository (CIR) framework, and ACH (automated clearinghouse) processing. *See* 84 FR 46749 and 84 FR 46678 (September 5, 2019), and 84 FR 49650 (September 23, 2019). Release 2 was deployed on February 5, 2021, and focused on non-ACH electronic receivables and collections, for Fedwire and Pay.gov, that included user fees, Harbor Maintenance Fee (HMF), and Seized Assets and Case Tracking System (SEACATS) payments. All of the changes in Release 2 were internal to CBP and did not affect the trade community. Release 3 was deployed on May 1, 2021, and primarily implemented technical changes to the liquidation process, and deferred tax bills, that were internal to CBP. Release 3 also harmonized the determination of the due date for deferred tax payments with the entry summary date, streamlined the collections system, and provided importers of record with more flexibility and access to data when making deferred payments of internal revenue taxes owed on distilled spirits, wines, and beer imported into the United States. *See* 86 FR 22696 (April 29, 2021). Release 4 was deployed on October 18, 2021, and primarily implemented technical changes to the production and management of the internal CBP processes for supplemental bills, certain reimbursable bills, and non-reimbursable/miscellaneous bills issued by CBP to the public. *See* 86 FR 56968 (October 13, 2021). Release 4 also made available to importers of record, licensed customs brokers, and other ACE account users, an option to electronically view certain, unpaid, open bill details as reports in ACE Reports and adopted a new, enhanced format for the CBP Bill Form. *See id.*

As explained more fully below, Release 5 will be deployed on March 21, 2022, with delayed implementation for the enhancements concerning the Formal Demand on Surety for Payment of Delinquent Amounts Due (also informally referred to as the 612 Report) until May 1, 2022. Release 5 focuses on debt management processes, and it includes mainly internal, technical changes to the production, tracking, and management of overdue bills and delinquent

accounts and the bonds associated with them. Release 5 also includes enhancements that improve transparency and access to information through ACE for importers of record, licensed customs brokers, and other ACE account users who owe debts to CBP, as well as for the sureties who guarantee the bonds to secure the payment of the debts, if applicable. Additional releases for ACE Collections will follow, and any further changes affecting the public will be announced by notice in the *Federal Register*, as needed.

B. Overview of CBP's Debt Management Processes Affected by Release 5 of ACE Collections

CBP is authorized to collect duties, taxes, and fees from customs activities. *See generally* 19 U.S.C. 58a, 58b, 58b-1, 58c, 1505; 26 U.S.C. 4461. The regulations found in part 24 of title 19 of the Code of Federal Regulations (CFR) address the financial and accounting procedures for when CBP collects the duties, taxes, fees, interest, and other applicable charges from the public due to customs activities. *See generally* 19 CFR 24.1 through 24.36. Members of the public are informed of existing debts to CBP through the physical mailing of the CBP Bill Form, the data elements of which are also available for electronic viewing in ACE Reports.

CBP is authorized to require such bonds or other security as deemed necessary for the protection of the revenue or to assure compliance with any provision of law, regulation, or instruction. *See* 19 U.S.C. 1623. The regulations concerning such bonds are set forth generally in part 113 of title 19 of the CFR, which addresses bond approval and execution, bond conditions, general and special bond requirements, etc. Bonds are required for a large percentage of the activities for which CBP produces bills. *See* 19 CFR 113.61 through 113.75. For example, CBP requires bonds for the importation of merchandise (19 CFR 113.62), accelerated payment of drawback refunds (19 CFR 113.65), and operation of a foreign trade zone (19 CFR 113.73).¹

¹ In certain circumstances, bond requirements can be waived. *See, e.g.*, 19 CFR 10.31(f), 10.101(d), 142.4(c).

CBP recognizes bonds and the parties to those bonds, who are the principals and sureties, through the filing of a CBP Bond (CBP Form 301) and its addendums.² Bond information may be filed electronically, pursuant to 19 U.S.C. 1623(b), via any CBP authorized electronic data interchange (EDI) system. CBP currently accepts the electronic filing of bonds through the eBond test program, 79 FR 70881 (Nov. 28, 2014) and 80 FR 899 (Jan. 7, 2015), which was most recently extended in a *Federal Register* notice, 83 FR 12403, on March 21, 2018.³ When a debtor/bond principal fails to pay a debt owed to CBP that is secured by a bond, CBP may seek to collect from the surety (and any other co-sureties or liable parties) under the bond. *See, e.g.*, 19 CFR 113.3 and 144.2. Additionally, the bond principal(s) and the surety(ies) are jointly and severally liable to CBP, as set forth in the bond conditions. *See* 19 CFR part 113, subpart G.

CBP's debt management processes begin when a debt becomes delinquent, and then involves incrementally escalating consequences when a debtor/bond principal does not make full payment. Generally, a debtor/bond principal has 30 days to make payment after the "bill date" (also known as the "date of issuance of the bill"), appearing on the CBP Bill Form, before the bill "due date" (also known as the "late payment date"). 19 CFR 24.3(e). On the 31st day after the bill date, the bill is considered delinquent, and interest will accrue in 30-day increments. 19 U.S.C. 1505(d); 19 CFR 24.3a. Thirty (30) days after the bill due date (60 days after the bill date), CBP will list the bill for the first time on the Formal Demand on Surety for Payment of Delinquent Amounts Due (also informally referred to as the 612 Report, which is a monthly report listing open delinquent bills by importer name) to the sureties (and any co-sureties) recognized on the bond that secures the delinquent debt. 19 CFR 24.3a(d)(2)(i). The elements that normally appear in the 612 Report are prescribed in 19 CFR 24.3a(d)(2).

² A copy of CBP Form 301 and its addendums may be viewed online at <https://www.cbp.gov/trade/priority-issues/revenue/bonds>.

³ Only a surety or a surety agent may submit an eBond, and additional information about the eBond test program and how to participate may be found online at <https://www.cbp.gov/trade/priority-issues/revenue/bonds/ebond>.

Generally, CBP will mail the debtor/bond principal a dunning letter if the debt remains unpaid for 120 days after the bill date (90 days after the bill due date). The dunning letter warns of further consequences if the bill remains unpaid, such as the imposition of national sanction, informs about protest rights, and provides the recipient with another copy of the details of outstanding debts owed, for which a dunning letter has not been sent before.

Generally, if a debt continues to remain unpaid by the debtor/bond principal, CBP will email the sureties on the applicable bond a surety demand follow-up letter that seeks payment of all overdue debt secured by a bond. In addition, the debtor/bond principal may be subject to additional consequences, such as a requirement to file the entry summary with payment of estimated duties, taxes, and fees attached before CBP will release new entries (informally referred to as importer sanction or national sanction).⁴ *See, e.g.,* 19 CFR 142.13, 142.14, 142.26. Ultimately, CBP may take further actions against the surety and/or the debtor/bond principal in an effort to collect the unpaid debt. It should be noted that, under certain circumstances, the debtor/bond principal and/or surety may file an administrative protest of certain decisions by CBP, including the issuance of and basis for certain bills. *See* 19 U.S.C. 1514, 1515. CBP's regulations governing administrative protests may be found at 19 CFR part 174. The timely filing of an administrative protest may alter CBP's debt management approach that is generally described in the preceding paragraphs.⁵

Altogether, CBP's debt management processes often entail numerous mailings and deadlines for CBP and the trading public. CBP has thus developed new tools to automate, streamline, and simplify the processes for debt collection and protest tracking as part of Release 5. The resulting benefits to the public that are announced in this document will be deployed and

⁴ Additional information on the potential consequences for the debtor/bond principal may be found online at <https://www.cbp.gov/trade/priority-issues/revenue/bill-payments/importer-sanctions>.

⁵ Generally, within 180 days of liquidation or other protestable decision made by CBP, the surety or debtor/bond principal may file a protest against that decision. Sureties may also file a protest within 180 days of the date of mailing of the first 612 Report concerning the specific bill or unsatisfied legal claim secured by the surety bond. An administrative protest must be made on CBP Form 19 and may be filed in paper or electronically in ACE. Under certain circumstances, the protesting party may seek further review of a protest. Following the filing of a protest, CBP will review and respond. *See* subpart C of 19 CFR 174.

implemented on March 21, 2022, with delayed implementation for the enhancements concerning the 612 Report until May 1, 2022.

II. Enhancements to the Debt Management Processes

Additionally, CBP is announcing three enhancements to the debt management processes to increase transparency and access to information for the public as part of Release 5. One of the enhancements will support importers of record, licensed customs brokers, and other ACE account users who owe debts to CBP by enabling the electronic viewing of whether a bill has caused consequences under 19 CFR 142.13, 142.14, and 142.26 (informally referred to as bill sanction status or sanction status) and protest details in the unpaid, open bill details report in ACE. The other two enhancements will facilitate compliance for sureties by providing electronic access to the 612 Report in ACE (in lieu of CBP emailing this information to sureties) and improving the content and design of the 612 Report.

A. Supplementation of Unpaid, Open Bill Details in ACE Reports to Enable Electronic Viewing of Sanction Status and Protest Details for Importers of Record, Licensed Customs Brokers, and Other ACE Account Users Who Owe Debts to CBP

CBP sends physical bills on the CBP Bill Form⁶ via mail to officially notify individuals and entities of amounts owed for duties, taxes, fees, and other charges. Upon the deployment of Release 4 on October 18, 2021, ACE account users were able to electronically view the data elements appearing on the CBP Bill Form in ACE Reports for certain categories of unpaid, open bills. 86 FR 56968 (October 13, 2021). The unpaid, open bill details report in ACE Reports provides an ACE account user with a consolidated, electronic report to track its open bills for which payment is owed to CBP. As part of Release 5, CBP is supplementing the unpaid, open bill details report in ACE Reports with new information applicable to sanction status and protest details for each bill appearing on the report.

⁶ As CBP advised in the *Federal Register* notice that announced Release 4, the CBP Bill Form for physical bills will remain the primary source of legal notice of monies owed due to customs activity, as required by 19 CFR 24.3(a).

Specifically, the new report information includes five data elements. The first data element is an indicator as to whether the unpaid, open bill has put the account holder on national sanction. The other four data elements are details related to administrative protests filed pursuant to 19 CFR part 174. If an administrative protest is associated with an open, unpaid bill, then the following data elements will be included in the report: the protest number, the date of filing of the protest, the processing status of the protest, and the date of CBP's decision on the protest (if applicable). All of the new data elements will be included in additional columns added to the unpaid, open bill details report in ACE Reports and will be updated within one business day after the initial processing of sanction status and/or the relevant administrative protest information. It is important to note that any mailed or electronically communicated information provided by CBP regarding the sanction status and protest details may supersede the information appearing in ACE Reports.

Only members of the public who have an ACE Portal account can view their unpaid, open bill details report in ACE Reports, which will include the new information applicable to sanction status and protest details as of March 21, 2022. CBP encourages affected members of the public (including, but not limited to, importers of record and licensed customs brokers) who do not already have an ACE Portal account to apply for access to be able to view the necessary data to make timely bill payments.⁷ CBP will provide any needed support for setting up ACE Portal accounts. The public may access the ACE Reports application through the ACE Secure Data Portal at <https://ace.cbp.dhs.gov>.⁸ Within ACE Reports, ACE account users may navigate to and access their unpaid, open bill details reports in the Workspace Module.⁹

⁷ The step-by-step instructions to apply for an ACE Portal account are available online at <https://www.cbp.gov/trade/automated/getting-started/portal-applying>.

⁸ For more information about accessing, navigating, and personalizing ACE Reports, please review the ACE Reports Trainings online at <https://www.cbp.gov/trade/ace/training-and-reference-guides>.

⁹ The Workspace Module is a window in ACE Reports that provides ACE account users access to their standard reports categorized by subject area (such as Cargo Release, Entry Summary, Manifest, etc.) and includes a navigation list (a folder structure of standard reports) and a viewer that displays the report selected. For additional information about the Workspace Module, please consult the specific ACE Report training at <https://www.cbp.gov/trade/ace/training-and-reference-guides> or the quick reference card at <https://www.cbp.gov/document/guidance/ace-reports-qrc-navigating-workspace-module>.

B. Benefits for Sureties

1. Availability of an Option for Sureties to Electronically View 612 Reports in ACE

Currently, CBP mails to sureties the 612 Reports, which are a monthly listing of open delinquent bills by importer name.¹⁰ The 612 Reports constitute the Formal Demand on Surety for Payment of Delinquent Amounts Due, as required by 19 CFR 24.3a(d)(2). Each 612 Report contains certain information, such as the bill number and principal amount due, to allow sureties to identify and track their obligations. *Id.* In addition to mailing 612 Reports, CBP makes available to sureties the ability to request and receive via email a downloadable copy of the raw data underlying the most recent 612 Report sent to them by mail.

As part of Release 5, CBP will make available to sureties an option to electronically view 612 Reports in ACE (in lieu of CBP emailing this information to sureties).¹¹ This new option will, *inter alia*, reduce the amount of time sureties spend manually identifying and tracking their obligations to CBP, and will allow sureties to access their report at any time of the month, eliminating the constraint of having access to the data the first day it is generated. Moreover, this new option will significantly reduce the current burden on CBP associated with the emailing of the 612 Reports to the respective sureties. The default data presented in the electronic 612 Report will be for the most recent month's mailed 612 Report. Sureties will also be able to view data from, at a minimum, three previous monthly electronic 612 Reports, but such data will not remain available indefinitely in ACE.

The electronic 612 Reports will only update on, approximately, the first day of every month to ensure the data appearing in the electronic 612 Reports will match the data appearing in

¹⁰ A new bill entry is added to a 612 Report when a bill owed to CBP has not been paid and is more than 30 days past due (approximately 60 days after the initial bill date). CBP generates and mails the 612 Report to the surety at the beginning of every month, and each bill listed will remain on the 612 Report until that bill is paid or otherwise closed. 19 CFR 24.3a(d)(2)(i).

¹¹ CBP will discontinue the option for sureties to request, through CBP's Office of Finance, Revenue Division, the regular emailing of 612 Report data packets, as of May 1, 2022. The downloadable data packets are a function of ACS, which will become obsolete, and the existence of the option to electronically view 612 Reports supersedes the emailing of data packets (as the same information will be downloadable from ACE).

the mailed 612 Reports. The data elements appearing in the electronic 612 Reports will be the same as the data elements appearing in the mailed 612 Reports, including the new element described below.

It is important to note that CBP will continue its current processes for mailing the 612 Reports, which remain the official notice to sureties as required by 19 CFR 24.3a(d).

Information and data that appear on the mailed 612 Report will supersede the data elements that appear in the electronic 612 Reports, and sureties should continue to consult the mailed 612 Reports to determine the extent of their legal obligations. Moreover, only sureties who have an ACE Portal account will be able to view their electronic 612 Reports that will be available in ACE Reports beginning on May 1, 2022. CBP encourages sureties who do not already have an ACE Portal account to apply for access to be able to electronically view their 612 Reports.¹²

¹² CBP will provide any needed support for setting up ACE Portal accounts. *See supra* footnotes 7–9 for more information about creating ACE Portal accounts, navigating ACE Reports, and accessing 612 Reports in the Workspace Module.

2. Minor Modifications to the Information in and Appearance of the Mailed 612 Reports

As part of Release 5, there will be minor modifications to the information in and appearance of the mailed 612 Report. The mailed 612 Report will continue to have the same structure and provide the same information as it does now, but CBP will add a new data element and column, the “Bill Version #”, which is intended to help sureties track whether a certain bill’s information is current.¹³ In addition, the mailed 612 Report will no longer be printed on paper with a green bar. Instead, as of May 1, 2022, the mailed 612 Report will be printed on more common legal landscape paper.

Dated: March 9, 2022.

Jeffrey Caine,

Chief Financial Officer,

U.S. Customs and Border Protection.

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¹³ CBP assigns bills a specific number that corresponds to a bill as it existed at a specific point in time. Bills change due to recalculation of interest, partial payment, etc. and CBP updates the bill version number when a bill changes. For 612 Reports, the “Bill Version #” will correspond to the bill as it existed at the time that the mailed 612 Report was generated.